



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0179
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Title:	Create Montana military family relief fund
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Primary Sponsor:	French, J.
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Status:	As Amended
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| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$1,000,000	\$0	\$0	\$0
State Special Revenue	\$21,250	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$1,045,023	\$89,163	\$93,229	\$97,480
Net Impact-General Fund Balance	<u>(\$1,000,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of Fiscal Impact:

This bill would transfer \$1,000,000 of general fund to a state special revenue fund. It allows for collection of contributions to be deposited to the state special revenue fund and statutory authorization of expenditure from the fund to be made to eligible National Guard or Reserve component family members.

FISCAL ANALYSIS

Assumptions:

1. Deployments are based on national needs at a specific point in time and can significantly change with little or no notice.
2. It is estimated that there will be 34 National Guard Members deployed on July 1, 2007.
3. There is an average of 2.5 members per military family not including the military member.
4. This bill provides for \$250 per family member of deployed National Guard member. (\$250/family member X \$250 provision X 34 = \$21,250).

5. There are currently 3,277 National Guard members.
6. Deployments can range from 0 to 1,800 depending on need. It is unknown at this time if deployments will occur in FY 2009 – 2011, so no costs are shown at this time.
7. It is estimated that 7% of all National Guard members would be paid 30% less than the member's monthly civilian wage.
8. It is estimated that 2% of eligible members would sustain nonfatal injuries.
9. Section 11 of the bill creates a voluntary check-off on the state individual income tax return for the Montana Military Family Relief Fund allowing individual taxpayers to contribute to the fund. The contribution is from the amount refunded to the taxpayer, or if no refund is due, is added to the amount the taxpayer is to pay. Therefore, this provision has no impact on the general fund.
10. The three existing voluntary check-offs – Child abuse prevention, Non-game wildlife and Agriculture in Montana schools have the same provisions as the proposed military relief check-off – they also reduce refunds, or if no refund is due, increase the taxpayer payment. For the purposes of this fiscal note, it is assumed that the voluntary check-off for military family relief will produce similar funding for the special revenue fund as the largest of the existing check-offs, or \$42,000, in tax year 2005. This provision applies to tax years beginning after December 31, 2007; therefore, the first fiscal year in which these revenues are collected will be FY 2009. The revenue from the check-off is assumed to be deposited in the special revenue account at the beginning of the fourth quarter of the fiscal year.
11. For this fiscal note, it is assumed that the special revenue fund will earn interest at the rate of the short-term investment pool (STIP). The LFD estimate of the FY 2008 rate for the STIP is 4.60%, the FY 2009 rate is 4.56%. The FY 2010 and FY 2011 are assumed to be the same as FY 2009. Projected interest income to the special revenue account is calculated as shown in the table below:

Interest income calculation:				
	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Fund balance	\$1,000,000	\$1,023,773	\$1,112,935	\$1,206,164
Payments	21,250			
Estimated Check-off Revenues	-	42,000	42,000	42,000
Average balance before interest	978,750	1,065,773	1,154,935	1,248,164
Interest rate	0.046	0.0456	0.0456	0.0456
Interest income	45,023	47,163	51,229	55,480
Average balance after interest	1,023,773	1,112,935	1,206,164	1,303,644

12. If passed and approved, the act is effective July 1, 2007.
13. This estimate contains information for the National Guard only. The numbers from the Reserve components are not available.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Benefits	\$21,250	\$0	\$0	\$0
Transfers	\$1,000,000	\$0	\$0	\$0
TOTAL Expenditures	\$1,021,250	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$1,000,000	\$0	\$0	\$0
State Special Revenue (02)	\$21,250	\$0	\$0	\$0
TOTAL Funding of Exp.	\$1,021,250	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$1,045,023	\$89,163	\$93,229	\$97,480
TOTAL Revenues	\$1,045,023	\$89,163	\$93,229	\$97,480
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$1,000,000)	\$0	\$0	\$0
State Special Revenue (02)	\$1,023,773	\$89,163	\$93,229	\$97,480

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date